BRITISH COLUMBIA

BC STATS Infoline

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highlights

a weekly digest of recently released British Columbia statistics

Inflation rate

- **British Columbia's inflation rate for October increased 0.4% from October 1997**. In part, the increase can be attributed to the higher price of fresh fruits (8.7%) and vegetables (8.3%) between October 1998 and October 1997. This signifies the end of the growing season and a move toward purchasing higher priced imported fruit and vegetables from the US. BC consumers also paid more for women's clothing (3.7%) and footwear (2.5%). Despite increased property taxes, the shelter component of the consumer price index (CPI) declined 1.1% from the previous October. This was driven mainly by decreases in the price of new homes.

  The Canadian CPI rate was 1.0% higher than the previous October. Only PEI posted a decline in the inflation rate for October at -0.6%. The all-items index for Manitoba showed the greatest gain (1.8%) of all provinces.

  Of the metropolitan areas, the CPI rate for Vancouver (0.6%) and Victoria (0.5%) changed slightly from October 1997. The largest inflation rate was reported in Winnipeg (1.9%) and Regina (1.8%).

  Source: Statistics Canada

The Economy

- **The value of goods exported from British Columbia in September increased 3.0% from the previous September to $2,216.5 million**. Export gains came from machinery and equipment (17.9%) and energy products (8.6%). Forestry products, the province's largest export increased slightly (0.9%) from the previous September, to a value of $1,124.2 million.

  Year-to-date BC exports to the Pacific Rim area remained down from the previous year. In 1997, this area represented 34.9% of BC exports, by 1998 the share dropped to 26.5%. US exports increased 6.1% from the previous year bolstered by the weak Canadian dollar. Trading share with the US has gone from 54.7% in 1997 to 62.8% in 1998.

  Nationally, the value of Canadian exports was 5.5% higher than the previous September. Automotive products represented the greatest increase of 17.2%, to a value of $6,736.9 million. Year-to-date exports have grown in six of the ten provinces while the three western-most provinces and New Brunswick have showed declines. PEI (22.9%), followed by Newfoundland (11.9%), had the largest year-to-date growth in exports. The three western provinces had the greatest declines lead by Saskatchewan (-10.3%), Alberta (-9.3%) and BC (-7.7%). *Source: Statistics Canada & BC STATS*

- **New motor vehicle sales increased 4.5% in British Columbia from September 1997.** The number of new motor vehicles sold in BC for the month of September was 5,217. Four out of five cars sold were manufactured in North America. Year-over-year sales in September showed both BC (-1.6%) and Saskatchewan (-1.5%) with a decline in new car sales. On a national level, new truck (including sport utility vehicles and vans) sales surpassed new car sales for the first time since January 1998. *Source: Statistics Canada*

Report **BC's recent employment growth**

Did you know...?

Full-time employed, married women, with children (48%) and full-time employed, unmarried men, without children (44%)—feel trapped in a daily routine.

- **BC manufacturing shipments (seasonally adjusted) increased for the fourth consecutive month.** The seasonally adjusted increase for September was 2.1% from the previous month. The largest contributors to the September increase came from machinery and equipment sales (8.5%), other manufacturing (10.3%), paper and allied (5.9%) and wood (3.2%). Offsetting the increases were declines in clothing shipments (-7.1%) and chemicals (-16.4%).

  Nationally, the value of manufacturing shipments increased 0.1% to $37.4 billion in September. Motor vehicle parts and accessories (2.0%) and wood (2.0%) were the largest contributors to the slight increase in national shipments. *Source: Statistics Canada*

- **Retail trade in BC advanced slightly (0.3%) in September from the previous month.** Adjusted for seasonal variations, the value of retail sales totaled $2,765.4 million dollars. General merchandise stores showed the greatest gain at 3.0%—with back-to-school purchases being attributed to September instead of August due to the late Labour Day holiday.

  Provincially, with the exception of Nova Scotia (-0.7%), all provinces showed increased retail sales. Newfoundland (3.9%), Manitoba (3.0%) and Alberta (2.1%) had the strongest gains.
  Source: Statistics Canada

Personal Bankruptcies

- **The number of consumer bankruptcies in British Columbia was 629 for July, an increase of 1.9% from July 1997.** Personal bankruptcies are reaching record high levels not only in BC but also across Canada. Over an eleven year period (between 1986 and 1997), the number of personal bankruptcies in BC more than doubled from 2,773 to 7,366.

  Survey results indicate women, students and the self-employed sustain greater debt loads. Women form a greater proportion of people in bankruptcy today (41%) than two decades ago (25%). Student loans, as measured by the dollar volume owing to federal and provincial governments, nearly tripled between 1990 and 1995. Finally, the self-employed (10%) identified this to be their major source of income at the time of their insolvency, but 25% reported being self-employed in the past five years.

  A specific event usually triggered personal insolvency. Most frequently reported was the loss of a job, leading to a decline in income. Student loans, marital disruption and credit-card debt were also common factors. Finally, more than nine out of ten people took actions to try to avoid bankruptcy, but in the end, were unable to find an alternative to declaring personal bankruptcy. *Source: Industry Canada*

Corruption Index

- **In 1998, Canada was ranked as the sixth least corrupt country, with a Corruption Perceptions Index (CPI) of 9.2 out of 10.** The CPI is drawn from surveys of experts, business people and the general public. It measures the perception and degree of corruption by a ranking system where 10 is highly clean, and 0 is highly corrupt. In 1998, of the 85 countries included in the survey, the highest ranked countries were Denmark (10), followed by Finland (9.6), Sweden (9.5), New Zealand (9.4) and Iceland (9.3). The United States ranked seventeen with a CPI of 7.5 and Mexico was ranked 55 with CPI of 3.3. The findings suggest many of the world's poorest nations are also perceived to be the most corrupt. The lowest rankings were given to Cameroon (1.4), Paraguay (1.5), Honduras (1.7) Tanzania (1.9) and Nigeria (1.9). The Corruption Perception Index helps to draw attention to the link between poverty and corruption. It can also aid agencies in developing anti-corruption strategies for developing nations. *Source: Transparency International*

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For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

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Infoline Report: BC's recent employment growth

Contact: Anne Kittredge (250) 387-0374

Originally published in July 1998 issue of *Earnings & Employment trends*. Annual subscription is $60 + GST

Counter to the widespread perception of economic doom and gloom in BC, employment has been increasing fairly steadily since January of this year. In fact, between January and September, BC had the highest employment growth rate in Canada. The number of jobs increased by 3.1 per cent compared to Ontario at 1.8 and Alberta at 1.3 per cent. How can this be when resource prices are depressed world wide and the local forestry and construction sectors have been crying the blues for months?

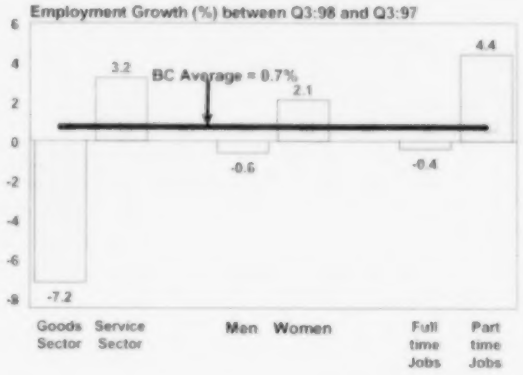
First of all, employment levels do not usually respond immediately to reduced sales --- employers tend to hold onto staff for as long as possible, cutting back on hours initially, and laying-off only as a last resort. Hence, employment change tends to be a lagging indicator of economic activity.

Secondly, as a general rule, single month comparisons from the Labour Force Survey should be regarded with caution, as fluctuations could be the result of sampling variation as opposed to real change.

However, BC did have job growth in 1998, no matter which time frame is compared, but when quarterly or year-to-date data is the basis of analysis, BC's performance is well below the Canadian average. For example, the 3rd quarter ending in 1998 BC registered only 0.7 per cent growth over the same quarter in 1997 and the year-to-date (January to September) figures show a 0.6 per cent growth rate. Canada's comparable numbers were 2.2 and 2.6 per cent.

The analysis below examines the changes that have occurred in the BC job market between the 3rd quarter of 1998 compared to the same time period in 1997.

The Ups and Downs in the BC Job Market Over the Past Year



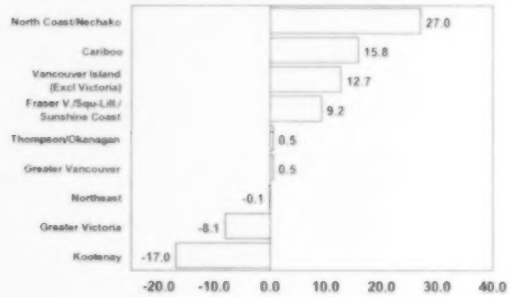
An important aspect of the recent growth is that the performance among different job types is very diverse, in particular; the service producing industries (such as retail trade and hotels/restaurants) are faring well but at the other extreme, the goods producing industries (specifically primary, manufacturing and construction) are declining; all growth has been in part-time jobs, not full-time jobs (which is consistent with growth in the service sector where most part-time jobs are found); and men are the ones who are losing their jobs while women's situation has improved.

Needless to say, these circumstances create diverse economic conditions across the province. Resource-based regions suffer, while those areas that provide services to the province may be temporarily cushioned from the downturn. Tourism, in particular, has remained relatively healthy and those regions that attract tourists have not fully felt the squeeze.

To illustrate these regional differences, the following chart shows the change in the number of persons receiving Employment Insur-

ance (EI) benefits by region. While EI does not measure the full-extent of unemployment because many unemployed do not qualify for EI, the change in EI proves to be a good indicator of the change in unemployment, at least at the beginning of an economic downturn.

Increase/Decrease in EI Recipients
The Decline in the Goods Producing Sector has had differing impacts on unemployment across the province



It becomes clear that those areas most dependent on the forest sector have been the areas hardest hit. Within these groupings, the Coastal areas, from the Queen Charlottes north and the northern half of Vancouver Island have fared the worst. And this data only reflects circumstances up to June of this year while most of the major layoff announcements have been since then.

On the other side, the Northeast and the Kootenays, which are very reliant on the health of the energy sector, had not yet shown signs of unemployment problems by June. As well, Victoria seems to have been buffered so far, probably thanks to tourism. BC Stats will continue to monitor the EI data in order to quantify regional problems.

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BC at a glance . . .

POPULATION (thousands)	Jul 1/98	% change on one year ago
BC	4,014.3	1.3
Canada	30,300.4	1.0
GDP and INCOME		
(BC - at market prices)	1997	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	109,347	3.3
GDP *($ 1992 millions)*	98,201	2.2
GDP *($ 1992 per Capita)*	24,775	0.1
Personal Disposable Income *($ 1992 per Capita)*	16,340	-2.3
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Sep	2,864	1.5
Merchandise Exports (raw) Aug	2,251	3.9
Retail Sales (seasonally adjusted) Sep	2,765	-2.3
CONSUMER PRICE INDEX		
(all items - 1992=100)	Oct '98	% change on one year ago
BC	110.1	0.4
Canada	109.0	1.0
LABOUR FORCE (thousands)		
(seasonally adjusted)	Oct '98	% change on one year ago
Labour Force - BC	2,047	1.4
Employed - BC	1,883	2.4
Unemployed - BC	164	-8.9
		Oct '97
Unemployment Rate - BC *(percent)*	8.0	8.9
Unemployment Rate - Canada *(percent)*	8.1	9.1
INTEREST RATES (percent)	Nov 18/98	Nov 19/97
Prime Business Rate	7.00	5.25
Conventional Mortgages - 1 year	6.40	5.65
- 5 year	7.15	6.70
US/CANADA EXCHANGE RATE	Nov 18/98	Nov 19/97
(avg. noon spot rate) Cdn $	1.5555	1.4150
US $ *(reciprocal of above rate)*	0.6429	0.7067
AVERAGE WEEKLY EARNINGS		
(industrial aggregate - dollars)	Aug '98	% change on one year ago
BC	621.04	0.5
Canada	606.91	1.4

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Earnings } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

Please and thank-you!

That's a big thank-you to the subscribers who have already returned last week's survey form. And a please respond to those who have not yet done so.

Infoline is very much a subscriber shaped service. There's nothing here that you don't want, and a lot that you roundly praise. We have long been asked for searchable indexing on the Internet version and changes coming very soon will offer a search facility on our site. More about that next week.

Please, send in your responses to last week's survey.

Thank-you!

Released this week by BC STATS

- Earnings & Employment Trends, August 1998
- Consumer Price Index, October 1998

Next week

- Business Indicators, November 1998
- Current Statistics, November 1998
- Exports, September 1998

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